

**PROPOSITION \_\_\_\_**  
**[I - 05 - 2022]**

**Predatory Debt Collection Protection Act**

**ANALYSIS BY LEGISLATIVE COUNCIL**

**Legislative Council Staff Draft**

1            Proposition \_\_\_\_ would increase the following debt collection exemptions (and would  
2 also provide that the exemption amounts would be increased annually based on the change in the  
3 United States Department of Labor consumer price index):

4            1. The homestead exemption on a debtor's home would increase from \$250,000 to  
5 \$400,000.

6            2. The exemption on a debtor's household furniture, furnishings, goods and appliances  
7 would increase from \$6,000 to \$15,000.

8            3. The exemption on the debtor's equity in one motor vehicle would increase from \$6,000  
9 to \$15,000, or if the debtor has a physical disability, from \$12,000 to \$25,000.

10           4. The exemption on a debtor's single account in one financial institution would increase  
11 from \$300 to \$5,000.

12           Proposition \_\_\_\_ would decrease the portion of a debtor's weekly disposable earnings that  
13 is subject to debt collection actions (other than support payments) to the lesser of 10% of the  
14 disposable earnings or sixty times the highest applicable federal, state or local minimum wage.  
15 Currently the amount of disposable earnings that is subject to debt collection actions (other than  
16 support payments) is the lesser of 25% of the disposable earnings or thirty times the federal  
17 minimum wage. Additionally, in a garnishment action, if the court determines by clear and  
18 convincing evidence that the 10% calculation on disposable earnings would cause extreme  
19 economic hardship to the debtor or the debtor's family, the court may reduce the amount to 5% of  
20 disposable income. Currently, the court may reduce the amount to 15% of disposable income.

21           Proposition \_\_\_\_ would lower the maximum interest rate on medical debt (an obligation  
22 arising directly from the receipt of medical products or devices or the receipt of health care services  
23 provided at or by licensed health care institutions, the offices or clinics of most licensed health  
24 care providers or ambulance services) from the current rate of 10% per year (unless a different rate  
25 is contracted for in writing) to the lesser of 3% or an annual rate equal to the weekly average one-  
26 year constant maturity treasury yield, as published by the Federal Reserve Board, for the calendar  
27 week preceding the date when the consumer was first provided with a bill. The new maximum  
28 rate would also apply to judgments on medical debt.

29           Proposition \_\_\_\_ would only apply to contracts and agreements entered into on or after the  
30 effective date of this measure. The proponents' political committee would have standing to defend  
31 the measure in any legal challenge.